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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-fifth Meeting
Bali, Indonesia, 13-17 November 2011

PROJECT PROPOSAL: GUINEA-BISSAU

This document consists of the comments and recommendation of the Fund Secretariat on the following project proposal:

Phase-out

- HCFC phase-out management plan (stage I, first tranche)

UNEP/UNIDO

PROJECT EVALUATION SHEET – MULTI-YEAR PROJECTS

Guinea-Bissau

(I) PROJECT TITLE	AGENCY
HCFC phase out plan (Stage I)	UNEP (lead), UNIDO

(II) LATEST ARTICLE 7 DATA	Year: 2010	2.9 (ODP tonnes)
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(III) LATEST COUNTRY PROGRAMME SECTORAL DATA (ODP tonnes)								Year: 2010	
Chemical	Aerosol	Foam	Fire fighting	Refrigeration		Solvent	Process agent	Lab Use	Total sector consumption
				Manufacturing	Servicing				
HCFC123									
HCFC124									
HCFC141b									
HCFC142b									
HCFC22					2.9				2.9

(IV) CONSUMPTION DATA (ODP tonnes)			
2009 - 2010 baseline (estimate):	1.4	Starting point for sustained aggregate reductions:	1.4
CONSUMPTION ELIGIBLE FOR FUNDING (ODP tonnes)			
Already approved:	0.0	Remaining:	0.9

(V) BUSINESS PLAN		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
UNEP	ODS phase-out (ODP tonnes)	0.0		0.0			0.0		0.0		0.0	0.0
	Funding (US \$)	46,471	0	46,471	0	0	37,177	0	37,177	0	18,588	185,885

(VI) PROJECT DATA		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Montreal Protocol consumption limits (estimate)		n/a	n/a	1.4	1.4	1.3	1.3	1.3	1.3	1.3	0.9	
Maximum allowable consumption (ODP tonnes)		n/a	n/a	1.4	1.4	1.3	1.3	1.3	1.3	1.3	0.9	
Project Costs requested in principle(US\$)	UNEP	Project costs	35,000		30,000		45,000				20,000	130,000
		Support costs	4,550		3,900		5,850				2,600	16,900
	UNIDO	Project costs	40,000				40,000					80,000
		Support costs	3,600				3,600					7,200
Total project costs requested in principle (US \$)		75,000	0	30,000	0	0	85,000	0	0	0	20,000	210,000
Total support costs requested in principle (US \$)		8,150	0	3,900	0	0	9,450	0	0	0	2,600	24,100
Total funds requested in principle (US \$)		83,150	0	33,900	0	0	94,450	0	0	0	22,600	234,100

(VII) Request for funding for the first tranche (2011)		
Agency	Funds requested (US \$)	Support costs (US \$)
UNEP	35,000	4,550
UNIDO	40,000	3,600

Funding request:	Approval of funding for the first tranche (2011) as indicated above
Secretariat's recommendation:	Individual consideration

PROJECT DESCRIPTION

1. On behalf of the Government of Guinea-Bissau UNEP, as the lead implementing agency, has submitted to the 65th meeting of the Executive Committee stage I of the HCFC phase-out management plan (HPMP) at a total cost of US \$280,000 plus agency support costs of US \$22,100 for UNEP and US \$9,900 for UNIDO, as originally submitted, to implement activities that will enable the country to comply with the Montreal Protocol control targets up to the 35 per cent reduction in HCFC consumption by 2020.
2. The first tranche for stage I of the HPMP being requested at this meeting amounts to US \$40,000, plus agency support costs of US \$5,200 for UNEP, and US \$55,000 plus agency support costs of US \$4,950 for UNIDO, as originally submitted.

Background

3. Guinea-Bissau has ratified all the amendments to the Montreal Protocol. The estimated population of Guinea-Bissau is about 1.5 million inhabitants, with 45 per cent residing in urban areas.

ODS regulations

4. Since 2003, the Government of Guinea-Bissau has had a legal framework for controlling the import and distribution of HCFCs in its territory. Being a member state of the Union Economique et Monétaire Ouest Africain (UEMOA) and the Economic Community of West African States (ECOWAS), Guinea-Bissau's national legislation is supported by the sub-regional regulations adopted by these two economic organizations. A regulation adopted by UEMOA in 2005 harmonizes member states' regulations on the import, trade, use and re-export of ODS and equipment containing ODS. Based on this regulation, prior to a HCFCs import, a permit is issued by the Ministry of Trade under consent (technical visa) of the National Ozone Unit (NOU). Import permits are not issued for HCFC-based equipment when alternative HCFC-free equipment is available in the market. A recently adopted harmonized regulation for ECOWAS member states will provide further support to the NOU in controlling the import of HCFCs and HCFC-based equipment. Quotas will be introduced at the end of 2012 to be operational from 1 January 2013.

HCFC consumption and sector distribution

5. HCFC-22 is the only HCFC imported into the country. Prior to the survey undertaken as part of the HPMP preparation Guinea-Bissau reported, under Article 7 of the Montreal Protocol, HCFC consumption levels between 345 and 400 metric tonnes (mt) for the years 2007 to 2010 (zero consumption was reported in 2009). Through the HPMP survey, the Government realized that the actual level of HCFC consumption was much lower than previously reported (between 42 and 52 mt). Based on these results, the Government of Guinea-Bissau sent a letter to the Ozone Secretariat requesting a revision of the HCFC consumption for the years 2005 to 2010. The Article 7 data was corrected for all the years except for 2009¹ which will be considered by the Implementation Committee at its meeting in November. HCFC consumption is shown in Table 1.

¹Since HCFC consumption for 2009 is used to calculate the baseline for compliance for Article 5 Parties, any revision to the reported data should follow the methodology for the revision of baseline data adopted by the Parties to the Montreal Protocol at their 15th meeting (decision XV/19) (i.e., the request should be submitted for consideration by the Implementation Committee). This rule does not apply for 2010 as the correction was submitted before the 90 days period established to make corrections after the original recording of the data.

Table 1. HCFC consumption in Guinea-Bissau

HCFC-22	2007	2008	2009	2010	Baseline
Metric tonnes (mt)					
Article 7 previously reported	345.45	360.00	0.00	400.00	200.00
HPMP survey	42.00	46.00	49.53	52.00	50.77
Article 7 corrected	42.00	46.00	0.00	52.00	26.00
ODP tonnes					
Article 7 previously reported	19.00	19.80	0.00	22.00	11.00
HPMP survey	2.31	2.53	2.72	2.86	2.79
Article 7 corrected	2.31	2.53	0.00	2.86	1.43

6. The forecast of HCFC consumption in 2011-2020 is shown in Table 2.

Table 2. 2011-2020 forecast of HCFC consumption (*)

Years	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Mt												
Unconstrained	49.53	52.00	56.00	60.00	64.00	69.00	73.00	78.00	84.00	90.00	97.00	104.00
Constrained	49.53	52.00	56.00	60.00	50.77	50.77	45.69	45.69	45.69	45.69	45.69	33.00
ODP tonnes												
Unconstrained	2.72	2.86	3.10	3.30	3.50	3.80	4.00	4.30	4.60	5.00	5.30	5.70
Constrained	2.72	2.86	3.10	3.30	2.79	2.79	2.51	2.51	2.51	2.51	2.51	1.81

(*) Based on the HCFC consumption levels obtained from the survey.

7. HCFC-22 is mainly used for servicing domestic air-conditioning units (99 percent), the remaining consumption is to service a limited number of cold rooms, ice-makers, water coolers and central air-conditioning units in the commercial refrigeration and air-conditioning (RAC) sector. The distribution of HCFC consumption per application is shown in Table 3.

Table 3. Distribution of HCFC consumption per application in Guinea-Bissau (2009)

Application	No. of units	Mt	ODP tonnes
Domestic air-conditioning	152,611	49.45	2.72
Commercial (cold rooms, ice makers, water cooler, central air-conditioning)	218	0.08	0.004
Total HCFC consumption	152,829	49.53	2.72

8. There are over 950 technicians of whom 416 have received training. It is estimated that there are 150 workshops. The main factors that determine the need for equipment maintenance are the age of the equipment, the frequent power disruptions, the low voltage in the network and the poor maintenance practices. Some equipment could be serviced two or three times per year requiring technicians to repeat the charging of the refrigerant. The current prices of HCFCs and alternative refrigerants per kilogram in the country are: US \$11 for HCFC-22, US \$20 for HFC-134a, US \$16 for R-410A, US \$17 for R-407A and US \$20 for R-404A.

HCFC phase-out strategy

9. The Government of Guinea-Bissau has developed a two-stage HPMP to phase out HCFCs while providing climate benefits. The strategy is based on phasing out HCFC-22-based air-conditioning equipment and promoting energy efficient units. The objective of the stage I of the HPMP is to meet the

Montreal Protocol's HCFC control targets up to and including the 35 per cent reduction in 2020, to phase out 17.77 mt (0.98 ODP tonnes) of HCFC-22 by the end of 2019. This target will be achieved through the following activities:

- (a) Training of 500 refrigeration technicians in good practices in refrigeration, including on hydrocarbons (HC) safety and techniques to convert air-conditioning units to HC refrigerants, and establishment of a network of technicians to enhance information exchange;
- (b) Training of 300 custom officers and other law enforcement officers on monitoring imports of HCFCs and HCFC-based equipment, ensuring better enforcement of the new ODS regulations, and distribution of 10 refrigerant identifiers;
- (c) Distribution of 50 sets of basic servicing tools and retrofit equipment to strengthen refrigeration workshops on retrofitting HCFC-22 equipment and adopting refrigerants with zero ODP, high energy efficiency and low global warming potential (GWP); and
- (d) Project monitoring and evaluation to ensure timely implementation of all proposed HPMP activities.

Cost of the HPMP

10. The total cost of implementing stage I of the HPMP has been estimated at US \$280,000 with the following breakdown:

- (a) US \$70,000 for the training of refrigeration technicians;
- (b) US \$57,000 for the training of custom officers and other law enforcement agents;
- (c) US \$110,000 for the technical assistance component; and
- (d) US \$43,000 for the monitoring and evaluation unit.

SECRETARIAT'S COMMENTS AND RECOMMENDATION

COMMENTS

11. The Secretariat reviewed the HPMP for Guinea-Bissau in the context of the guidelines for the preparation of HPMPs (decision 54/39), the criteria for funding HCFC phase-out in the consumption sector agreed at the 60th meeting (decision 60/44), subsequent decisions on HPMPs, and the 2011 – 2014 business plan of the Multilateral Fund. The Secretariat discussed technical and cost related issues with UNEP and UNIDO, which were satisfactorily addressed as summarized below.

Ongoing activities in the servicing sector

12. In reviewing the progress reports submitted by bilateral and implementing agencies to the 64th meeting it was noted that, as of December 2010, there were still ongoing activities under the refrigerant management plan (RMP) approved to Guinea-Bissau at the 43rd meeting and the terminal phase-out management plan (TPMP) approved at the 56th meeting (first tranche) and 60th meeting (second tranche). The total unspent balance for these projects as of December 2010 was US \$113,364. As the level of CFC consumption in Guinea-Bissau has been zero since 1 January 2010, clarification was sought on whether the remaining activities under implementation could be re-focussed to maintain zero

consumption of CFCs and to assist in the phase-out of HCFCs. Addressing this issue, UNEP advised that at the time of submission of the HPMP a balance of US \$13,500 corresponding to the TPMP with UNEP had been fully spent, and a balance of US \$99,864 corresponding to the RMP technical assistance component with UNDP was being used in the procurement of a last batch of equipment that would also contribute to the phase-out of HCFC-22 in Guinea-Bissau. The activity is expected to be finalized in January 2012.

HCFC data discrepancies

13. The Secretariat noted the discrepancies between the HCFC data reported under Article 7, the data reported under the country programme implementation report and that gathered in the HPMP survey. UNEP advised that the inaccuracies in the HCFC consumption data reported under Article 7 were due to incorrect recording of non-HCFCs as HCFCs and inconsistent use of units in recording the data - some figures were recorded in kilograms while others were recorded in grams. Through the HPMP survey the national team was able to assess the consumption more accurately and Article 7 data was corrected for all the years except for 2009, which will be considered by the Implementation Committee. In order to avoid future discrepancies on data reporting, UNEP advised the NOU to undertake a national annual survey as part of the institutional strengthening (IS) activities. The NOU will conduct the annual survey and work closely with the Customs Department for data cross-checking.

Issues related to HCFC consumption

14. The Secretariat noted that while the level of HCFC consumption obtained through the survey seemed reasonable, it was almost exclusively attributed to the servicing of domestic air-conditioning units (99 per cent). In explaining the reasons for this, UNEP informed that domestic air-conditioning units have been imported at very low prices during the last years and, besides their common use in households, they are also installed in offices, hotels, shops, hospitals and other public buildings. UNEP also explained that the HCFC consumption levels were based on the declarations from technicians in the survey but cross checking of data with customs records was not possible because of the major inconsistencies in the data recorded.

Starting point for aggregate reduction in HCFC consumption

15. The HCFC baseline consumption for compliance is currently 1.43 ODP tonnes, calculated as the average of actual reported consumption of zero ODP tonne in 2009 and 2.86 ODP tonnes in 2010. The business plan indicated a baseline of zero ODP tonne based on the HCFC consumption reported for 2009. However, as indicated by UNEP, that figure appears to be incorrect and a request for adjustment to 2.72 ODP tonnes for 2009 was sent by the Government of Guinea-Bissau to the Ozone Secretariat for consideration by the Implementation Committee. If this request for correction is accepted by the Implementation Committee and the Meeting of the Parties, the starting point would be adjusted accordingly to 2.79 ODP tonnes at the time of submission of the second tranche.

Technical and cost related issues

16. It was noted that R-290, proposed as a retrofit alternative for domestic air-conditioning units, is not available in the local market, and the price of the available alternative for this purpose (R-407A) is almost twice as much as that of HCFC-22. Based on this, at present the sustainability of retrofitting HCFC-22 based equipment could not be guaranteed. However, recognizing that retrofits and conversions of HCFC-based equipment could play an important role in reducing HCFC consumption in the country, it was agreed to maintain in stage I the training on retrofit and conversion of air-conditioning equipment to HC and other alternatives, and introduce retrofits gradually as alternatives become available and affordable.

17. It was also agreed that during the first years of stage I training should give emphasis to minimizing leakages and venting of HCFC-22 during operation and servicing, and on techniques for containing and reusing the existing HCFC banks. Accordingly, recovery equipment will be provided to three centres of reference and tools will be provided to the workshops to facilitate leakage control, containment and re-use of existing HCFC banks. UNEP informed that equipment distribution and HCFC recovery levels will be monitored through a memorandum of understanding with the refrigeration associations.

18. In view of the evolving scenario for availability of HCFC alternatives in the world, it was also agreed to keep monitoring the penetration of HC and other low GWP alternatives in the regional and local market and, if necessary, exercise flexibility in the training agenda and on the investment component according to their availability and costs.

19. To complement the above activities addressed to reduce the need of HCFC-22 for servicing existing equipment, the customs training project will assist Guinea-Bissau to improve the control on imports of additional HCFC-based equipment. Also, in view of the major inaccuracies in HCFC consumption figures reported before the HPMP survey was completed, it was agreed that this project would include assistance to improve recording of imports by customs and to promote interaction between the Customs Department and the NOU.

20. Based on decision 60/44 stage I of the HPMP for Guinea-Bissau could be funded up to US \$280,000 given its HCFC consumption level (2.72 ODP tonnes in 2009 and 2.86 ODP tonnes in 2010). However, as the 2009 consumption was mistakenly reported at zero, the current HCFC baseline is 1.43 ODP tonnes, which could only be funded up to US \$210,000. It was agreed that if the 2009 consumption correction is accepted by the Implementation Committee, the starting point and the funding level could be adjusted accordingly at the time of submission of the second tranche. The revised overall cost of the HPMP stage I is presented in Table 4.

Table 4. Revised overall cost of the HPMP stage I

Description of Activities	Agency	Funds requested (US \$)	Adjustment at second tranche (US \$) (*)
Training of RAC technicians	UNEP	55,000	15,000
Training of custom officers and other law enforcement officers	UNEP	50,000	7,000
Tools for RAC technicians	UNIDO	80,000	30,000
Monitoring and evaluation	UNEP	25,000	18,000
Total (US \$)		210,000	70,000

(*) Subject to acceptance of the 2009 HCFC consumption correction by the Implementation Committee.

Impact on the climate

21. The proposed technical assistance activities in the HPMP, which include the introduction of better servicing practices and enforcement of HCFC import controls, will reduce the amount of HCFC-22 used for refrigeration servicing. Each kilogram (kg) of HCFC-22 not emitted due to better refrigeration practices results in approximately 1.8 CO₂-equivalent tonnes saved. UNEP calculates that if 15 per cent of the current service need of 49.5 mt of HCFC-22 is avoided through the HPMP activities, the potential CO₂-equivalent tonnes not emitted per year could be 13,221 (CO₂-equivalent reductions in the 2011-2014 business plan are zero as it was based on the zero consumption reported in 2009). However, at this time, the Secretariat is not in a position to quantitatively estimate the impact on the climate. The impact might be established through an assessment of implementation reports by, *inter alia*, comparing the levels of

refrigerants used annually from the beginning of HPMP implementation, the reported amounts of refrigerants being recovered and recycled, the number of technicians trained and the HCFC-22-based equipment being retrofitted.

Co-financing

22. In response to decision 54/39(h) on potential financial incentives and opportunities for additional resources to maximize the environmental benefits from HPMPs pursuant to paragraph 11(b) of decision XIX/6 of the Nineteenth Meeting of the Parties, the Government of Guinea-Bissau intends to develop project proposals with the support of UNEP to mobilize additional funding to expedite the phasing out of HCFCs by promoting energy efficiency and climate benefits. The NOU is already discussing with the national Climate Change Unit to develop joint initiatives.

2011-2014 business plan of the Multilateral Fund

23. UNEP and UNIDO are requesting US \$210,000 plus support cost for implementation of stage I of the HPMP. The total value requested for the 2011-2014 period of US \$117,050 including support cost is above that in the business plan. The reason is that the business plan was prepared based on consumption reported at zero for 2009. Based on the established HCFC baseline consumption in the servicing sector of 1.43 ODP tonnes (calculated based on consumption reported under Article 7 for 2009 and 2010), Guinea-Bissau's allocation up to the 2020 phase-out should be US \$210,000 in line with decision 60/44.

Draft agreement

24. A draft agreement between the Government of Guinea-Bissau and the Executive Committee for HCFCs phase-out is contained in Annex I of the present document.

RECOMMENDATION

25. The Executive Committee may wish to consider:

- (a) Approving, in principle, stage I of the HCFC phase-out management plan (HPMP) for Guinea-Bissau for the period 2011 to 2020 to meet the 35 per cent reduction in HCFC consumption, at the amount of US \$234,100, consisting of US \$130,000 plus agency support costs of US \$16,900 for UNEP, and US \$80,000 plus agency support costs of US \$7,200 for UNIDO;
- (b) Noting that the Government of Guinea-Bissau had agreed to establish as its starting point for sustained aggregate reduction in HCFC consumption an estimated baseline of 1.43 ODP tonnes, calculated using actual consumption of zero ODP tonne and 2.86 ODP tonnes reported for 2009 and 2010, respectively, under Article 7 of the Montreal Protocol;
- (c) Deducting 0.50 ODP tonnes of HCFCs from the starting point for sustained aggregate reduction in HCFC consumption;
- (d) Approving the draft Agreement between the Government of Guinea-Bissau and the Executive Committee for the reduction in consumption of HCFCs, as contained in Annex I to the present document;
- (e) Requesting the Fund Secretariat, if the correction to Guinea Bissau's 2009 consumption is accepted by the Implementation Committee and the Meeting of the Parties and the baseline adjusted accordingly, to update Appendix 2-A to the Agreement to include the

figures for maximum allowable consumption, and to notify the Executive Committee of the resulting change in the levels of maximum allowable consumption and of any potential related impact on the eligible funding level, with any adjustments needed being made when the next tranche was submitted; and

- (f) Approving the first tranche of stage I of the HPMP for Guinea-Bissau, and the corresponding implementation plan, at the amount of US \$83,150, consisting of US \$35,000 plus agency support costs of US \$4,550 for UNEP, and US \$40,000 plus agency support costs of US \$3,600 for UNIDO.

Annex I

DRAFT AGREEMENT BETWEEN THE GOVERNMENT OF GUINEA-BISSAU AND THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE REDUCTION IN CONSUMPTION OF HYDROCHLOROFLUOROCARBONS

1. This Agreement represents the understanding of the Government of Guinea-Bissau (the “Country”) and the Executive Committee with respect to the reduction of controlled use of the ozone-depleting substances (ODS) set out in Appendix 1-A (“The Substances”) to a sustained level of 0.93 ODP tonnes by 1 January 2020 in compliance with Montreal Protocol schedules, with the understanding that this figure is to be revised one single time, once the baseline consumption for compliance has been established based on Article 7 data, with the funding to be adjusted accordingly, as per decision 60/44.

2. The Country agrees to meet the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A (“The Targets, and Funding”) in this Agreement as well as in the Montreal Protocol reduction schedule for all Substances mentioned in Appendix 1-A. The Country accepts that, by its acceptance of this Agreement and performance by the Executive Committee of its funding obligations described in paragraph 3, it is precluded from applying for or receiving further funding from the Multilateral Fund in respect to any consumption of the Substances that exceeds the level defined in row 1.2 of Appendix 2-A as the final reduction step under this Agreement for all of the Substances specified in Appendix 1-A, and in respect to any consumption of each of the Substances that exceeds the level defined in row 4.1.3 (remaining eligible consumption).

3. Subject to compliance by the Country with its obligations set out in this Agreement, the Executive Committee agrees, in principle, to provide the funding set out in row 3.1 of Appendix 2-A to the Country. The Executive Committee will, in principle, provide this funding at the Executive Committee meetings specified in Appendix 3-A (“Funding Approval Schedule”).

4. The Country agrees to implement this Agreement in accordance with the HCFC phase-out sector plans submitted. In accordance with sub-paragraph 5(b) of this Agreement, the Country will accept independent verification of the achievement of the annual consumption limits of the Substances as set out in row 1.2 of Appendix 2-A of this Agreement. The aforementioned verification will be commissioned by the relevant bilateral or implementing agency.

5. The Executive Committee will not provide the Funding in accordance with the Funding Approval Schedule unless the Country satisfies the following conditions at least eight weeks in advance of the applicable Executive Committee meeting set out in the Funding Approval Schedule:

- (a) That the Country had met the Targets set out in row 1.2 of Appendix 2-A for all relevant years. Relevant years are all years since the year in which this Agreement was approved. Years for which no obligation for reporting of country programme data exists at the date of the Executive Committee meeting at which the funding request is being presented are exempted;
- (b) That the meeting of these Targets has been independently verified, unless the Executive Committee decided that such verification would not be required;
- (c) That the Country had submitted annual implementation reports in the form of Appendix 4-A (“Format of Implementation Reports and Plans”) covering each previous calendar year; that it had achieved a significant level of implementation of activities

initiated with previously approved tranches; and that the rate of disbursement of funding available from the previously approved tranche was more than 20 per cent;

- (d) That the Country has submitted an annual implementation plan in the form of Appendix 4-A covering each calendar year until and including the year for which the funding schedule foresees the submission of the next tranche or, in case of the final tranche, until completion of all activities foreseen; and
- (e) That, for all submissions from the 68th meeting onwards, confirmation has been received from the Government that an enforceable national system of licensing and quotas for HCFC imports and, where applicable, production and exports is in place and that the system is capable of ensuring the Country's compliance with the Montreal Protocol HCFC phase-out schedule for the duration of this Agreement.

6. The Country will ensure that it conducts accurate monitoring of its activities under this Agreement. The institutions set out in Appendix 5-A ("Monitoring Institutions and Roles") will monitor and report on implementation of the activities in the previous annual implementation plans in accordance with their roles and responsibilities set out in Appendix 5-A. This monitoring will also be subject to independent verification as described in paragraph 4 above.

7. The Executive Committee agrees that the Country may have the flexibility to reallocate the approved funds, or part of the funds, according to the evolving circumstances to achieve the smoothest reduction of consumption and phase-out of the Substances specified in Appendix 1-A:

- (a) Reallocations categorized as major changes must be documented in advance either in an annual implementation plan submitted as foreseen in sub-paragraph 5(d) above, or as a revision to an existing annual implementation plan to be submitted eight weeks prior to any meeting of the Executive Committee, for its approval. Major changes would relate to:
 - (i) Issues potentially concerning the rules and policies of the Multilateral Fund;
 - (ii) Changes which would modify any clause of this Agreement;
 - (iii) Changes in the annual levels of funding allocated to individual bilateral or implementing agencies for the different tranches; and
 - (iv) Provision of funding for programmes or activities not included in the current endorsed annual implementation plan, or removal of an activity in the annual implementation plan, with a cost greater than 30 per cent of the total cost of the last approved tranche;
- (b) Reallocations not categorized as major changes may be incorporated in the approved annual implementation plan, under implementation at the time, and reported to the Executive Committee in the subsequent annual implementation report;
- (c) Any remaining funds will be returned to the Multilateral Fund upon completion of the last tranche foreseen under this Agreement.

8. Specific attention will be paid to the execution of the activities in the refrigeration servicing sub-sector, in particular:

- (a) The Country would use the flexibility available under this Agreement to address specific needs that might arise during project implementation; and

- (b) The Country and the bilateral and implementing agencies involved will take full account of the requirements of decisions 41/100 and 49/6 during the implementation of the plan.

9. The Country agrees to assume overall responsibility for the management and implementation of this Agreement and of all activities undertaken by it or on its behalf to fulfil the obligations under this Agreement. UNEP has agreed to be the lead implementing agency (the “Lead IA”) and UNIDO has agreed to be the cooperating implementing agency (the “Cooperating IA”) under the lead of the Lead IA in respect of the Country’s activities under this Agreement. The Country agrees to evaluations, which might be carried out under the monitoring and evaluation work programmes of the Multilateral Fund or under the evaluation programme of any of the agencies taking part in this Agreement.

10. The Lead IA will be responsible for ensuring co-ordinated planning, implementation and reporting of all activities under this Agreement, including but not limited to independent verification as per sub-paragraph 5(b). This responsibility includes the necessity to co-ordinate with the Cooperating IA to ensure appropriate timing and sequence of activities in the implementation. The Cooperating IA will support the Lead IA by implementing the activities listed in Appendix 6-B under the overall co-ordination of the Lead IA. The Lead IA and Cooperating IA have reached consensus on the arrangements regarding inter-agency planning, reporting and responsibilities under this Agreement to facilitate a co-ordinated implementation of the Plan, including regular co-ordination meetings. The Executive Committee agrees, in principle, to provide the Lead IA and the Cooperating IA with the fees set out in rows 2.2 and 2.4 of Appendix 2-A.

11. Should the Country, for any reason, not meet the Targets for the elimination of the Substances set out in row 1.2 of Appendix 2-A or otherwise does not comply with this Agreement, then the Country agrees that it will not be entitled to the Funding in accordance with the Funding Approval Schedule. At the discretion of the Executive Committee, funding will be reinstated according to a revised Funding Approval Schedule determined by the Executive Committee after the Country has demonstrated that it has satisfied all of its obligations that were due to be met prior to receipt of the next tranche of funding under the Funding Approval Schedule. The Country acknowledges that the Executive Committee may reduce the amount of the Funding by the amount set out in Appendix 7-A (“Reductions in Funding for Failure to Comply”) in respect of each ODP kg of reductions in consumption not achieved in any one year. The Executive Committee will discuss each specific case in which the Country did not comply with this Agreement, and take related decisions. Once these decisions are taken, this specific case will not be an impediment for future tranches as per paragraph 5 above.

12. The Funding of this Agreement will not be modified on the basis of any future Executive Committee decision that may affect the funding of any other consumption sector projects or any other related activities in the Country.

13. The Country will comply with any reasonable request of the Executive Committee, the Lead IA and the Cooperating IA to facilitate implementation of this Agreement. In particular, it will provide the Lead IA and the Cooperating IA with access to the information necessary to verify compliance with this Agreement.

14. The completion of stage I of the HPMP and the associated Agreement will take place at the end of the year following the last year for which a maximum allowable total consumption level has been specified in Appendix 2-A. Should there at that time still be activities that are outstanding, and which were foreseen in the Plan and its subsequent revisions as per sub-paragraph 5(d) and paragraph 7, the completion will be delayed until the end of the year following the implementation of the remaining activities. The reporting requirements as per sub-paragraphs 1(a), 1(b), 1(d), and 1(e) of Appendix 4-A will continue until the time of the completion unless otherwise specified by the Executive Committee.

15. All of the conditions set out in this Agreement are undertaken solely within the context of the Montreal Protocol and as specified in this Agreement. All terms used in this Agreement have the meaning ascribed to them in the Montreal Protocol unless otherwise defined herein.

APPENDICES

APPENDIX 1-A: THE SUBSTANCES

Substance	Annex	Group	Starting point for aggregate reductions in consumption (ODP tonnes)
HCFC-22	C	I	1.43

APPENDIX 2-A: THE TARGETS, AND FUNDING

Row	Particulars	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1.1	Montreal Protocol reduction schedule of Annex C, Group I substances (ODP tonnes)	n/a	n/a	1.43	1.43	1.29	1.29	1.29	1.29	1.29	0.93	n/a
1.2	Maximum allowable total consumption of Annex C, Group I substances (ODP tonnes)	n/a	n/a	1.43	1.43	1.29	1.29	1.29	1.29	1.29	0.93	n/a
2.1	Lead IA (UNEP) agreed funding (US \$)	35,000	0	30,000	0	0	45,000	0	0	0	20,000	130,000
2.2	Support costs for Lead IA (US \$)	4,550	0	3,900	0	0	5,850	0	0	0	2,600	16,900
2.3	Cooperating IA (UNIDO) agreed funding (US \$)	40,000	0	0	0	0	40,000	0	0	0	0	80,000
2.4	Support costs for Cooperating IA (US \$)	3,600	0	0	0	0	3,600	0	0	0	0	7,200
3.1	Total agreed funding (US \$)	75,000	0	30,000	0	0	85,000	0	0	0	20,000	210,000
3.2	Total support costs (US \$)	8,150	0	3,900	0	0	9,450	0	0	0	2,600	24,100
3.3	Total agreed costs (US \$)	83,150	0	33,900	0	0	94,450	0	0	0	22,600	234,100
4.1.1	Total phase-out of HCFC-22 under this agreement (ODP tonnes)											0.50
4.1.2	Phase-out of HCFC-22 in previously approved projects (ODP tonnes)											0
4.1.3	Remaining eligible consumption for HCFC-22											0.93

APPENDIX 3-A: FUNDING APPROVAL SCHEDULE

1. Funding for the future tranches will be considered for approval at the second meeting of the year specified in Appendix 2-A.

APPENDIX 4-A: FORMAT OF IMPLEMENTATION REPORTS AND PLANS

1. The submission of the Implementation Report and Plan for each tranche request will consist of five parts:

- (a) A narrative report, with data provided by calendar year, regarding the progress since the year prior to the previous report, reflecting the situation of the Country in regard to phase out of the Substances, how the different activities contribute to it, and how they relate to each other. The report should include ODS phase-out as a direct result from the implementation of activities, by substance, and the alternative technology used and the related phase-in of alternatives, to allow the Secretariat to provide to the Executive Committee information about the resulting change in climate relevant emissions. The report should further highlight successes, experiences, and challenges related to the different activities included in the Plan, reflecting any changes in the circumstances in the Country, and providing other relevant information. The report should also include information on and justification for any changes vis-à-vis the previously submitted Annual Implementation Plan(s), such as delays, uses of the flexibility for reallocation of funds during implementation of a tranche, as provided for in paragraph 7 of this Agreement, or other changes. The narrative report will cover all relevant years specified in sub-paragraph 5(a) of the Agreement and can in addition also include information on activities in the current year;
- (b) A verification report of the HPMP results and the consumption of the Substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement. If not decided otherwise by the Executive Committee, such a verification has to be provided together with each tranche request and will have to provide verification of the consumption for all relevant years as specified in sub-paragraph 5(a) of the Agreement for which a verification report has not yet been acknowledged by the Committee;
- (c) A written description of the activities to be undertaken until and including the year of the planned submission of the next tranche request, highlighting the interdependence of the activities, and taking into account experiences made and progress achieved in the implementation of earlier tranches; the data in the plan will be provided by calendar year. The description should also include a reference to the overall plan and progress achieved, as well as any possible changes to the overall plan that are foreseen. The description should cover the years specified in sub-paragraph 5(d) of the Agreement. The description should also specify and explain in detail such changes to the overall plan. This description of future activities can be submitted as a part of the same document as the narrative report under sub-paragraph (b) above;
- (d) A set of quantitative information for all annual implementation reports and annual implementation plans, submitted through an online database. This quantitative information, to be submitted by calendar year with each tranche request, will be amending the narratives and description for the report (see sub-paragraph 1(a) above) and the plan (see sub-paragraph 1(c) above), the annual implementation plan and any changes to the overall plan, and will cover the same time periods and activities; and
- (e) An Executive Summary of about five paragraphs, summarizing the information of the above sub-paragraphs 1(a) to 1(e).

APPENDIX 5-A: MONITORING INSTITUTIONS AND ROLES

1. The National Ozone Unit (NOU) will submit annual progress reports of status of implementation of the HPMP to UNEP and UNIDO.
2. Monitoring of development of HPMP and verification of the achievement of the performance targets, specified in the Plan, will be assigned to independent local company or to independent local consultants by UNEP and UNIDO.

APPENDIX 6-A: ROLE OF THE LEAD IMPLEMENTING AGENCY

1. The Lead IA will be responsible for a range of activities, including at least the following:
 - (a) Ensuring performance and financial verification in accordance with this Agreement and with its specific internal procedures and requirements as set out in the Country's HPMP;
 - (b) Assisting the Country in preparation of the Implementation Plans and subsequent reports as per Appendix 4-A;
 - (c) Providing independent verification to the Executive Committee that the Targets have been met and associated annual activities have been completed as indicated in the Implementation Plan consistent with Appendix 4-A;
 - (d) Ensuring that the experiences and progress is reflected in updates of the overall plan and in future annual implementation plans consistent with sub-paragraphs 1(c) and 1(d) of Appendix 4-A;
 - (e) Fulfilling the reporting requirements for the annual implementation reports, annual implementation plans and the overall plan as specified in Appendix 4-A for submission to the Executive Committee. The reporting requirements include the reporting about activities undertaken by the Cooperating IA;
 - (f) Ensuring that appropriate independent technical experts carry out the technical reviews;
 - (g) Carrying out required supervision missions;
 - (h) Ensuring the presence of an operating mechanism to allow effective, transparent implementation of the Implementation Plan and accurate data reporting;
 - (i) Co-ordinating the activities of the Cooperating IA, and ensuring appropriate sequence of activities;
 - (j) In case of reductions in funding for failure to comply in accordance with paragraph 11 of the Agreement, to determine, in consultation with the Country and the Cooperating IA, the allocation of the reductions to the different budget items and to the funding of each implementing or bilateral agency involved;
 - (k) Ensuring that disbursements made to the Country are based on the use of the indicators; and
 - (l) Providing assistance with policy, management and technical support when required.

2. After consultation with the Country and taking into account any views expressed, the Lead IA will select and mandate an independent entity to carry out the verification of the HPMP results and the consumption of the Substances mentioned in Appendix 1-A, as per sub-paragraph 5(b) of the Agreement and sub-paragraph 1(b) of Appendix 4-A.

APPENDIX 6-B: ROLE OF THE COOPERATING IMPLEMENTING AGENCY

1. The Cooperating IA will be responsible for a range of activities. These activities are specified in the overall plan, including at least the following:

- (a) Providing assistance for policy development when required;
- (b) Assisting the Country in the implementation and assessment of the activities funded by the Cooperating IA, and refer to the Lead IA to ensure a co-ordinated sequence in the activities; and
- (c) Providing reports to the Lead IA on these activities, for inclusion in the consolidated reports as per Appendix 4-A.

APPENDIX 7-A: REDUCTIONS IN FUNDING FOR FAILURE TO COMPLY

1. In accordance with paragraph 11 of the Agreement, the amount of funding provided may be reduced by US \$180 per ODP kg of consumption beyond the level defined in row 1.2 of Appendix 2-A for each year in which the target specified in row 1.2 of Appendix 2-A has not been met.